

ORDER PROCESSING SYSTEM

An order processing system that documents employee clearance of transactions in accordance with the requirements of the firm's Export Management System.

OBJECTIVE: To set forth in written procedures the order processing system used to screen and document the checks required by the firm's EMS.

PROCEDURE: The EMS Administrator should determine the nature and frequency of export checks through the use of these guidelines and analysis of the company's operational system. This should be completed prior to designing a firm's particular order processing flow chart or narrative.

An EMS should contain a formal flow chart or narrative description of the order processing system. The flow chart or narrative should include export checks, equivalent to those listed in the optional Screening Elements that determine the type(s) of license(s) to be used by the firm. The order processing system should be supported by documentation to leave a trail to verify export control compliance.

It is recommended that the flow chart or narrative include descriptions for the processing of the following shipping documents:

- ◆ Commercial/Billing Invoices
- ◆ Shipper's Export Declarations/Shipper's Letter of Instructions (SED/SLI)
- ◆ Air Waybills (AWB) and/or Bills of Lading

COMMENTS: The order processing system, whether it is manual or automated, should have "hold" functions that ensure adherence to sign-off procedures and prevent the preparation of commercial invoices and shipping documents prior to review and sign-off. Each individual with responsibility for performing a control check(s) should be held accountable for orders processed. All special transactions should receive supervisory sign-off.

The EMS Administrator and all order processing personnel should be aware that the chosen optional screening elements should be performed on all intermediate parties involved in a transaction. This is particularly true for Denied Persons Screening. This is to ensure that items exported under in-transit shipments, shipments to bonded warehouses and free trade zones are disposed of as authorized, thereby reducing the possibility of diversion. The firm should determine whether any of its transactions with its consignees involve these types of activities.

The party with control over the items should be assigned responsibility for monitoring the items.

For instance, control over items that are in-transit remains the responsibility of the firm until such time that the title is transferred to the customer.

However, control over shipments to bonded warehouses or free trade zones may not rest with the exporter. The question of control therefore depends on the point at which title passes from the firm to the ultimate customer. The export clearance and retention of records requirements for these types of shipments are no different from any ordinary export transaction.